

## Message Text

SECRET

PAGE 01 JIDDA 06057 311410Z

44

ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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R 311305Z AUG 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 2304

S E C R E T JIDDA 6057

EXDIS

DEPARTMENT PASS TREASURY

E.O. 11652: GDS

TAGS: PINT, SA

SUBJECT: RESIGNATION OF MINISTER OF FINANCE PRINCE MUSA'AD

REFS: A. JIDDA 3581 B. JIDDA 4886 C. JIDDA 5881

1. EMBASSY LEARNED AUGUST 30 THAT MINISTER OF FINANCE PRINCE MUSA'AD BIN ABD ARRAHMAN AL-SAUD HAS RESIGNED HIS POST. ACCORDING TO REPORTS REACHING EMBASSY, MINFIN MUSA'AD HAD RESIGNED AFTER LEARNING THAT PRESENT REORGANIZATION OF MINISTRIES TOOK MANAGEMENT OF THE BUDGET OUT OF MINISTRY OF FINANCE'S PURVIEW. NEXT DAY PRINCE MUSA'AD RECONSIDERED HIS RESIGNATION, BUT WAS TOLD THAT IT HAD ALREADY BEEN ANNOUNCED AND COULD NOT BE RECALLED.

2. EMBASSY HAS ALSO HEARD PERSISTENT RUMORS THAT MINISTER OF COMMUNICATIONS AND TRANSPORTATION WILL BE REPLACED AFTER RAMADAN. ACCORDING TO RELIABLE SOURCES, HIS REPLACEMENT IS SAID TO BE PRINCE MISHAL, FORMER MINISTER OF DEFENSE. THE LATTER IS A VERY CAPABLE BUSINESSMAN WITH A SOUND REPUTATION.

3. COMMENT: FINANCE MINISTRY HAD LONG BEEN RUMORED DUE FOR REORGANIZATION. PRINCE MUSA'AD'S RESIGNATION MIGHT CONFIRM THE RUMORS WHICH HAVE MINISTRY TO BE STRIPPED OF MOST OF ITS WIDE AUTHORITY IN BUDGET, STA-

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TISTICS, PERSONNEL MATTERS AND HOUSING AND REDUCED TO

STATUS OF A "TREASURY." PRINCE MUSA'AD HAD BEEN MINISTER SINCE MARCH 1962. ORIGINALLY APPOINTED TO INTRODUCE FISCAL AUSTERITY TO A MINISTRY STILL REELING FROM KING SAUD'S EXECUTION, MUSA'AD HAS RECENTLY BEEN ACCUSED OF BEING UNABLE TO SHIFT PRIORITIES OF HIS MINISTRY TO SPENDING VAST SUMS AVAILABLE FOR NATIONAL DEVELOPMENT. IN ADDITION TO HIS REPUTATION FOR TIGHT-FISTED CONTROL OF SAG SPENDING, MUSA'AD WAS KNOWN TO BE SCRUPULOUSLY HONEST. HIS DEPARTURE MAY INDEED MEAN MORE LIBERAL SPENDING ON DEVELOPMENT PLANS AND COULD RESULT IN BETTER GOVERNMENT SALARIES.

4. WE ARE INFORMED THE MINISTRY OF STATE FOR FINANCE, MOHAMMED ABA AL-KHAYL WILL BE ACTING AT LEAST TEMPORARILY IN MUSA'AD'S PLACE. HE IS HONEST AND ABLE, BUT STRIKES US AS BEING OF THE SAME CONSERVATIVE SCHOOL OF THOUGHT AS HIS FORMER BOSS. UNLIKE MUSA'AD THOUGH, WHO WAS A SENIOR PRINCE, ABA AL-KHAYL DOES NOT HAVE ANY INDEPENDENT STATUS. MUSA'AD'S DEPARTURE MIGHT, THEREFORE, ALSO MEAN A SIZEABLE INCREASE IN THE AMOUNT OF GOVERNMENT MONEY NOW FINDING ITS WAY THROUGH INVISIBLE CHANNELS INTO THE HANDS OF THE VARIOUS PRINCES AND LEADING FAMILIES. IF MUSA'AD'S DEPARTURE FURTHERMORE RESULTS IN A CHANCE FOR VARIOUS MINISTERS TO OPEN THEIR OWN DOORS TO MASSIVE INCREASES IN SPENDING, OVERCONSUMPTION COULD KICK THE RATE OF INFLATION SKY HIGH.

3. PRINCE MUSA'AD'S RESIGNATION, WHICH HAS BEEN EXPECTED FOR A WHILE, COULD BE THE FIRST STEP IN THE CREATION OF NEW MINISTRIES (SEE REFTELS) AND DOWNGRADING OF OLD ONES. FURTHER CHANGES ARE GENERALLY EXPECTED AFTER RAMADAN -- SOMETIME IN OCTOBER. THESE CHANGES, IF THEY OCCUR, WOULD MARK THE FIRST MAJOR MINISTERIAL REORGANIZATION (AND RESHUFFLE) SINCE 1962, AND THE END OF THE TRANSITIONAL CALM MARKING PERIOD AFTER FAISAL'S ASSASSINATION.

AKINS

NOTE BY OC/T: NOT PASSED TREASURY.

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NNN

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